

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 59 Spaceport Territory

**SPONSOR(S):** Business & Consumer Affairs Subcommittee, Ray and others

**TIED BILLS:** **IDEN./SIM. BILLS:** CS/SB 110

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Consumer Affairs Subcommittee	10 Y, 0 N, As CS	Tecler	Creamer
2) Transportation & Economic Development Appropriations Subcommittee			
3) Economic Affairs Committee			

### SUMMARY ANALYSIS

The bill amends s. 331.304, F.S., to designate Cecil Field Spaceport in Jacksonville as a spaceport territory. The bill also permits the board of directors of Space Florida to designate real property within the state as a spaceport territory if the property is licensed as a spaceport by the Federal Aviation Administration (FAA).

In January of 2010, the FAA issued Jacksonville Aviation Authority a license which authorizes the use of Cecil Field as a spaceport for certain suborbital launch vehicles.

With respect to the Cecil Field Airport and Commerce Center, the Revenue Estimating Conference adopted a negative recurring fiscal impact of \$100,000 on state funds related to the tax exemption on machinery and equipment purchased for a new or expanding business in a spaceport territory.

The bill has an effective date of July 1, 2012.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **Current Situation**

##### **Commercial Space Industry**

With the retirement of the Space Shuttle Program in July of 2010, the Obama Administration has charted new course that will increasingly rely on the private sector for the transportation of cargo and passengers to the International Space Station, low Earth orbit, and beyond. Historically, the commercial space industry has focused primarily on putting payloads, such as satellites, into orbit using expendable launch systems. As the industry shifts its focus toward space tourism, expendable launch systems are slowly being replaced by reusable systems capable of transporting humans and general cargo into space. In response, several states have developed or proposed commercial spaceports in order to capture a greater share of what is anticipated to be a growing market in the near future.<sup>1</sup>

##### **Federal Regulations**

The Office of Commercial Space Transportation within the Federal Aviation Administration (FAA) is the federal agency responsible for regulating and facilitating the safe operations of the U.S. commercial space transportation industry. The Commercial Space Launch Act of 1984, as amended, authorizes the FAA to establish licensing and regulatory requirements for launch vehicles, launch sites, and reusable suborbital rockets.<sup>2</sup> The FAA's launch regulations and licensing procedures apply to all commercial launches taking place within U.S. territory, and for launches being conducted abroad by U.S. companies. In general, the FAA does not license launch sites owned or operated by agencies of the U.S. government.<sup>3</sup> Since 1984, the FAA has licensed the operation of eight FAA-approved launch sites, including the Cape Canaveral Spaceport and the proposed spaceport at Cecil Field.<sup>4</sup>

##### **Spaceports in Florida**

Currently, Florida has two federally owned spaceports and two FAA licensed commercial spaceports. The Cape Canaveral Air Force Station and the National Aeronautics and Space Administration's Kennedy Space Center are owned and operated by the federal government. The two FAA licensed commercial spaceports in Florida include the Cape Canaveral Spaceport, operated by Space Florida, and the Cecil Field Spaceport, operated by the Jacksonville Aviation Authority (JAA). Space Florida was first issued a license for the Cape Canaveral Spaceport in 1999.

##### **Cecil Field Spaceport**

In January of 2010, the FAA licensed the JAA as a Space Launch Site Operator. The license authorized Cecil Field Spaceport as the state's first spaceport cleared for horizontal take off and landing launch vehicles.<sup>5</sup> Prior to its current use, Cecil Field served as a principal Naval Air Station from 1941 until 1993. The base was decommissioned and transferred to the City of Jacksonville in 1999.

Cecil Field Spaceport is located about 15 miles from Jacksonville and features a 12,500 foot runway and three shorter runways. The spaceport shares assets with Cecil Field Airport, which services military and civil aircraft and general aviation customers. The FAA awarded \$105,000 to JAA, as part of the FAA's Space Transportation Infrastructure Matching Grants program in 2010.<sup>6</sup> JAA will use the money to develop a Spaceport Master Plan for Cecil Field.

---

<sup>1</sup> Florida, Alaska, California, New Mexico, Oklahoma, Texas, and Virginia currently have FAA approved launch sites. Wyoming has proposed a FAA licensed launch site near Chugwater.

<sup>2</sup> 51 U.S.C. Ch. 509, §§ 50901-23.

<sup>3</sup> The FAA also exempts certain classes of small rockets from licensure.

<sup>4</sup> California Spaceport, Kodiak Launch Complex (AK), Mid-Atlantic Regional Spaceport (VA), Mojave Air and Space Port (CA), Oklahoma Spaceport, and Spaceport America (NM).

<sup>5</sup> 2011 U.S. Commercial Space Transportation Developments and Concepts: Vehicles, Technologies, and Spaceports. Federal Aviation Administration. [http://www.faa.gov/about/office\\_org/headquarters\\_offices/ast/media/2011%20DevCon%20Report.pdf](http://www.faa.gov/about/office_org/headquarters_offices/ast/media/2011%20DevCon%20Report.pdf) (last visited September 21, 2011).

<sup>6</sup> Jacksonville Aviation Authority. <http://www.jaa.aero/content.aspx?id=155> (last visited September 21, 2011).

### Spaceport Territories Designated in the Florida Statutes

Section 331.304, F.S., provides that certain real property in the following areas constitute a spaceport territory:

- Brevard County and within the 1998 boundaries of Patrick Air Force Base, Cape Canaveral Air Force Station, or John F. Kennedy Space Center, and
- Santa Rosa, Okaloosa, Gulf, and Walton Counties and within the 1997 boundaries of Eglin Air Force Base.

Currently, Cecil Field Spaceport is not designated as a “spaceport territory” in the Florida Statutes.

### **Effect of Proposed Changes**

The bill substantially amends s. 331.304, F.S., to designate certain real property within the boundaries of Cecil Airport and the Cecil Commerce Center as spaceport territory. The bill also provides that the board of directors for Space Florida may designate real property within the state as spaceport territory, if such property, is a spaceport as licensed by the FAA.

Section 212.08, F.S., provides a tax exemption for machinery and equipment purchased for a new or expanding business in a spaceport territory. This bill will allow new and expanding businesses located at Cecil Field, or on property licensed as a FAA spaceport, to be eligible for this exemption. In order to qualify, a business must be engaged in spaceport activities, as defined by s. 212.02(22), F.S.<sup>7</sup>

The bill provides for an effective date of July 1, 2012.

#### **B. SECTION DIRECTORY:**

**Section 1:** Amends s. 331.304, F.S., designating certain real property as spaceport territory.

**Section 2:** Provides for an effective date of July 1, 2012.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

#### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

##### **1. Revenues:**

With respect to the Cecil Field Airport and Commerce Center, the Revenue Estimating Conference adopted a negative recurring fiscal impact of \$100,000 on state funds related to the tax exemption on machinery and equipment purchased for a new or expanding business in a spaceport territory.

##### **2. Expenditures:**

None.

#### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

##### **1. Revenues:**

Insignificant.

##### **2. Expenditures:**

None.

---

<sup>7</sup> The term “Spaceport Activities” means activities directed or sponsored by Space Florida on spaceport territory pursuant to its powers and responsibilities under the Space Florida Act.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

The bill may encourage the development of the commercial space industry in Florida. As the industry shifts its focus toward space tourism, the Cecil Field Spaceport could become a hub for reusable systems capable of transporting humans and general cargo into space.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

**1. Applicability of Municipality/County Mandates Provision:**

Not applicable.

**2. Other:**

None.

**B. RULE-MAKING AUTHORITY:**

None.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On November 6, 2011, the Business & Consumer Affairs Subcommittee adopted one amendment, which clarifies the types of property that may be designated as spaceport territory under s. 331.304, F.S. The bill was reported favorably as a committee substitute and the analysis has been updated to reflect the adopted amendment.